



## Greenland Minerals A/S

Nuugaarmiunut 523 B  
3921 Narsaq  
CVR No. 12449550

## Annual report 2024

The Annual General Meeting adopted the  
annual report on 04.06.2025

A handwritten signature in black ink, appearing to be 'Sara Clare Kelly'.

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**Sara Clare Kelly**  
Chairman of the General Meeting

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# Entity details

## Entity

Greenland Minerals A/S  
Nuugaarmiunut 523 B  
3921 Narsaq

Business Registration No.: 12449550  
Registered office: Kujalleq  
Financial year: 01.01.2024 - 31.12.2024

## Board of Directors

Sara Clare Kelly, Chairman  
Ryan James Sebbes  
Svend Hardenberg  
Daniel Phillipe Mamadou Blanco

## Executive Board

Daniel Phillipe Mamadou Blanco

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Greenland Minerals A/S for the financial year 01.01.2024 - 31.12.2024.

The annual report is presented in accordance with the Greenlandic Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 04.06.2025

## Executive Board

**Daniel Phillipe Mamadou Blanco**

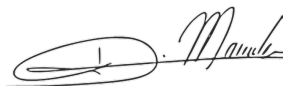
## Board of Directors



**Sara Clare Kelly**  
Chairman



**Ryan James Sebbes**



**Daniel Phillipe Mamadou Blanco**



**Svend Hardenberg**

# Independent auditor's report

## To Management of Greenland Minerals A/S

### Opinion

We have audited the financial statements of Greenland Minerals A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Greenlandic Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Greenlandic Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Greenland. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Greenland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We refer to note 1 regarding uncertainty relating to going concern. Our conclusion is not modified regarding this issue.

### Emphasis of matter

We refer to note 2 regarding uncertainty relating to recognition and measurement of the valuation of the development projects. Our conclusion is not modified regarding this issue.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Greenlandic Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Greenland will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Greenland, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 04.06.2025

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556



**Jan Larsen**

State Authorised Public Accountant

Identification No (MNE) mne16541

# Management commentary

## Primary activities

Greenland Minerals A/S (the 'Company' or 'GMAS') is a wholly owned subsidiary of Energy Transition Minerals Limited ("Parent").

The Company's principal activity is mineral exploration and project evaluation. The Company is primarily focused on advancing the 100%-owned Kuannersuit Project in southern Greenland. This is a multi-element project (both light and heavy rare earth elements, uranium, and zinc) progressing through the feasibility and permitting phase with the aim to move into mine development.

## Development in activities and finances

### 2024 Overview and Review of operations

Since 2007, Greenland Minerals A/S (the 'Company') has focused on the development of the Kuannersuit Project in Greenland.

Kuannersuit is one of the world's largest and most important undeveloped rare earth projects, with the potential to become a significant supplier of critical materials that are key to an energy efficient and environmentally sustainable future.

Kuannersuit is underpinned by a JORC-code compliant Mineral Resource of more than one billion tonnes and an Ore Reserve of 108 million tonnes, with capacity to sustain an initial 37-year mine life.

### Commencement of Dispute Resolution

In November 2021, Greenland's parliament passed Greenland Parliament Act No. 20 to ban uranium prospecting, exploration and exploitation ('Act No. 20'). The Government of Greenland has advised the Company that, under the application of Act No. 20, the Company would not be granted an exploitation licence under its initial exploitation licence application. An amended application that provided for the recovery of rare earths only – with uranium to be treated as an impurity and discarded into a tailings facility – was also rejected by the Greenlandic Government in September 2023.

The Company commenced an arbitration against the Greenlandic and Danish governments in 2022 to determine (amongst other things) whether the Company had a right to an exploitation licence before Act No. 20 was passed. GMAS also claims that, if Act No. 20 is applied to the Kuannersuit Project, the Company has a right to receive damages in compensation for expropriation.

This arbitration claim continued before the ad hoc Arbitral Tribunal seated in Copenhagen throughout 2024. In May 2024, GMAS also commenced parallel legal actions in the Greenlandic and Danish courts to further safeguard its rights.

### *Kuannersuit – Arbitration*

In January 2024, the respondent Governments (Greenland and Denmark) filed their respective defences to GMAS's claims in the arbitration brought under GMAS's exploration licence. The Governments denied liability and objected to the jurisdiction of the Arbitral Tribunal, requesting that their jurisdictional objections be decided in a preliminary phase (before the issues of GMAS's right to an exploitation licence, the Governments' liability, and GMAS's rights to damages were considered) in a bifurcated procedure. The Company objected to the request for

bifurcation, on the basis that the Company considered that it was not possible to separate the jurisdictional issues from the factual and substantive issues raised by GMAS in its claims.

The Arbitral Tribunal conducted a hearing in June 2024 on the application by the Governments of Greenland and Denmark for a bifurcation of the matter. In October 2024, the Tribunal ruled in favour of the Governments' application for bifurcation. This means that the matter will proceed to a determination of the question of the jurisdiction of the Tribunal before the substantive claims advanced by the Company are adjudicated.

In January 2024, the Arbitral Tribunal ordered GMAS to provide security for costs of the Greenlandic and Danish Governments in the arbitration. The Company's parent, Energy Transition Minerals Limited, has agreed to provide an indefinite demand guarantee of DKK 25,000,000 (approximately AUD 5,600,000) as security for legal costs of the two governments that GMAS may be ordered to pay in the arbitration proceedings.

#### *Kuannersuit – Litigation in Greenlandic and Danish courts*

In May 2024, GMAS filed writs in the Court of Greenland and the District Court of Copenhagen against the Greenlandic Government, the Greenlandic legislature, and various ministries and agencies of the Greenlandic Government, and against the Danish Government, represented by the Ministry of Climate, Energy and Utilities.

These proceedings were commenced to further secure and protect GMAS's rights in respect of the Kuannersuit Project. These proceedings also include an appeal of the Greenlandic Government's decisions to reject GMAS's requests for the grant of an exploitation licence.

GMAS is seeking relief against the Greenlandic and Danish Governments on the following Claims:

1. That GMAS had a right to be granted an exploitation licence in relation to the Kuannersuit Exploration Licence, principally for the exploitation of rare earth elements and uranium, or in the alternative, for rare earth elements, with uranium and other radioactive minerals extracted to be treated as residues for disposal.
2. That the Uranium Act is invalid, or alternatively does not apply, in relation to GMAS and the Kuannersuit Project.
3. That the Greenlandic Government's decisions rejecting GMAS's applications for an exploitation licence are invalid, and that the Greenlandic Government be ordered to issue an exploitation licence, or in the alternative to resume processing GMAS's requests and issue a new decision in accordance with the findings of the court on GMAS's rights.
4. That the Greenlandic and Danish Governments are obliged to compensate GMAS for financial loss caused by their failure to grant an exploitation licence before the adoption of the Uranium Act, the refusals to grant an exploitation licence, delay in commencement of mining, and loss of the value of the Project by reason of expropriation of GMAS's rights.

These proceedings were commenced to ensure that GMAS could pursue its claims against both Governments in the event of an unfavourable finding in the Arbitral Tribunal proceedings, and to advance claims that are only justiciable in the Courts. GMAS is seeking to have the proceedings referred to the Danish High Court, or alternatively the High Court of Greenland, and consolidated there.

The Governments filed their Statements of Defence in these proceedings during the September 2024 Quarter.

The Company is committed to resolving this dispute with the governments and to obtaining the exploitation licence that will enable this nation-building project to proceed to development.

**2024 Field Season**

The mineral exploration licence underlying Kuannersuit was renewed for a three-year term at the end of 2022 and remains in force until December 2025.

During the reporting period, the Company completed environmental monitoring and sampling activities, including weather, hydrology and dust monitoring, and water quality analysis and biota sampling.

GMAS also made the required regulatory reports to the Mineral Licence and Safety Authority for the exploration licence during the year.

The Company remains committed to deepening its engagement with the Greenlandic community and stakeholders to support the advancement of the Kuannersuit Project. In October 2024, the Company appointed Mr Svend Hardenberg to the board of GMAS. Mr Hardenberg is an accomplished entrepreneur who has previously held senior management positions in the public and private sectors in Greenland, including as CEO of the national utility company (Nukissiorfiit), Air Greenland, and as Permanent Secretary of the Premier's Office.

**Outlook**

The Company remains committed to the development of the Kuannersuit Project and is open to working with the Government of Greenland and communities to address their concerns and develop the project in a manner to minimise environmental impacts and provide benefits to the Greenlandic community for years to come.

The Company continues to actively progress the arbitration and litigation for this critical project to protect our interests and maximise shareholder value. In parallel with the legal processes, we are also working with stakeholders to find a negotiated and satisfactory agreement for all parties.

## Uncertainty relating to recognition and measurement

### Business Risks

The Company's primary operation of mineral exploration and development is speculative in nature and has inherent risks. It is subject to various economic, environmental and social sustainability risks, which may materially impact the Company's ability to operate and to generate value for shareholders.

These include:

- a) **Regulatory risks:** Adverse changes in government policies or legislation in Australia or Greenland including, taxation, profit repatriation, royalties, land access, labour relations, and mining and exploration activities may affect the operations of the Company.
- b) **Permitting risk:** The Company's tenure in Greenland is granted in accordance with the relevant legislation and is subject to the compliance with certain terms and conditions to ensure the licence remains in good standing. Obtaining the right to mine will require satisfying the various regulatory requirements.
- c) **Future capital requirements:** The Company may need to raise funds for working capital from time to time. However, there is no guarantee that appropriate or adequate funding will be available.
- d) **Commodity price fluctuations:** In the event of a successful development of the Kuannersuit Project, the Company's future revenue would depend upon demand and commodity prices for rare earth elements and potentially uranium.
- e) **Exchange rate fluctuations:** The expenditure of the Company is and will be taken into account in Australian and Danish currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between the Danish kroner and the Australian dollar as determined in international markets.
- f) **Environmental risks:** The operations and activities of the Company in Greenland are subject to environmental laws and regulations. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company aims to conduct its operations and activities to the highest standards of environmental regulation, including compliance with all environmental laws.
- g) **Litigation risks:** The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims and employee claims. The Company is engaged in arbitration and litigation with the Governments of Greenland and Denmark in relation to the refusal of the grant of an exploitation licence at the Kuannersuit Project.
- h) **Greenlandic uranium ban:** The Greenlandic Parliament passed Act No 20 of 2021 (Uranium Act) in December 2021, which prohibits exploration for, or development of, mineral deposits exceeding 100ppm uranium. The Kuannersuit Project exceeds this level of uranium mineralisation and the Greenlandic government has refused to grant an exploitation licence in respect of the Kuannersuit Project (for either a development that included the commercial extraction of uranium, or an alternative development in which only rare earth elements, zinc and fluor spar would be commercially extracted and uranium and other radioactive minerals would be treated as an impurity) pursuant to the government's application of the Uranium Act.
- i) **Litigation funding:** The Company's parent, Energy Transition Minerals Limited, has entered into a non-recourse litigation funding agreement with a litigation funding firm in relation to the Kuannersuit arbitration proceedings. The amount payable to the funder is contingent on a favourable outcome, is variable and cannot be

reliably estimated until a settlement is reached, which has not yet occurred, as the amount ultimately payable is dependent on a number of factors including the amount of the funding provided, the time taken to achieve a successful outcome, and the value of the award or proceeds. If a successful outcome results in a non-cash award, such as the right to be granted an exploitation licence, the amount payable to the litigation funder will be based on an independent valuation of the award.

**Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2024

	Notes	2024 DKK	2023 DKK
Other external expenses		(3,979,185)	(6,807,502)
Property costs		(182,779)	(488,476)
<b>Gross profit/loss</b>		<b>(4,161,964)</b>	<b>(7,295,978)</b>
Staff costs	3	(1,809,182)	(2,142,180)
Depreciation, amortisation and impairment losses	4	(202,384)	(336,353)
Other operating expenses		(29,933)	(8,636)
<b>Operating profit/loss</b>		<b>(6,203,463)</b>	<b>(9,783,147)</b>
Other financial income		2,862,887	2,609,891
Other financial expenses	5	0	(4,649)
<b>Profit/loss for the year</b>		<b>(3,340,576)</b>	<b>(7,177,905)</b>
<b>Proposed distribution of profit and loss:</b>			
Retained earnings		(3,340,576)	(7,177,905)
<b>Proposed distribution of profit and loss</b>		<b>(3,340,576)</b>	<b>(7,177,905)</b>

# Balance sheet at 31.12.2024

## Assets

	Notes	2024 DKK	2023 DKK
Land and buildings		2,054,650	2,160,185
Other fixtures and fittings, tools and equipment		437,760	534,609
<b>Property, plant and equipment</b>	6	<b>2,492,410</b>	<b>2,694,794</b>
<b>Fixed assets</b>		<b>2,492,410</b>	<b>2,694,794</b>
Other receivables		0	30,000
Prepayments		11,478	67,624
<b>Receivables</b>		<b>11,478</b>	<b>97,624</b>
<b>Cash</b>		<b>61,757</b>	<b>88,714</b>
<b>Current assets</b>		<b>73,235</b>	<b>186,338</b>
<b>Assets</b>		<b>2,565,645</b>	<b>2,881,132</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2024</b> <b>DKK</b>	<b>2023</b> <b>DKK</b>
Contributed capital		1,000,000	1,000,000
Share premium		35,540,197	35,540,197
Retained earnings		(437,559,006)	(434,218,430)
<b>Equity</b>		<b>(401,018,809)</b>	<b>(397,678,233)</b>
Payables to group enterprises		403,332,221	399,969,713
<b>Non-current liabilities other than provisions</b>	<b>7</b>	<b>403,332,221</b>	<b>399,969,713</b>
Lease liabilities		0	54,191
Trade payables		23,359	35,683
Other payables		228,874	499,778
<b>Current liabilities other than provisions</b>		<b>252,233</b>	<b>589,652</b>
<b>Liabilities other than provisions</b>		<b>403,584,454</b>	<b>400,559,365</b>
<b>Equity and liabilities</b>		<b>2,565,645</b>	<b>2,881,132</b>
Material uncertainty related to going concern	1		
Uncertainty relating to recognition and measurement	2		
Contingent liabilities	8		
Group relations	9		

# Statement of changes in equity for 2024

	<b>Contributed capital DKK</b>	<b>Share premium DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	1,000,000	35,540,197	(434,218,430)	(397,678,233)
Profit/loss for the year	0	0	(3,340,576)	(3,340,576)
<b>Equity end of year</b>	<b>1,000,000</b>	<b>35,540,197</b>	<b>(437,559,006)</b>	<b>(401,018,809)</b>

# Notes

## 1 Material uncertainty related to going concern

The parent company has issued a letter of comfort in which it confirms its commitment to provide sufficient financial support for the continued operation of the company. The commitment covers the period to 7 November 2026. On this background the management consider the going concern assumption fulfilled.

## 2 Uncertainty relating to recognition and measurement

The future recoverability of capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal and political changes, (including obtaining the right to mine and changes to environmental restoration obligations) and changes to commodity prices.

As a result of the political developments in Greenland during 2021 and continued in 2022, including the passing of the Act No. 20 to prohibit mineral activity where the uranium content in an ore body exceeds 100ppm, there is uncertainty surrounding the recovery of the capitalized exploration and evaluation expenditure. As required by the Danish Financial Statements Acts, an allowance against the recoverability of the expenditure has been recognized, that results in a nil carrying value.

The company disagrees with the Greenland Government's application of Act No. 20 and will protect its legal right to an exploitation licence. The company has advised the Greenland Government of the expectation that the current exploitation licence application continue. The remaining statutory requirements are the completion of the Government's contribution to the White Paper and the completion of an Impact Benefit Agreement. The company is working with the Greenland Government and other stakeholders to progress the mining licence application to move to development in accordance with both Greenland Government and local community expectations.

## 3 Staff costs

	<b>2024</b>	<b>2023</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	1,803,189	2,136,348
Pension costs	5,993	5,832
	<b>1,809,182</b>	<b>2,142,180</b>
Average number of full-time employees	<b>4</b>	<b>4</b>

#### 4 Depreciation, amortisation and impairment losses

	<b>2024</b>	<b>2023</b>
	<b>DKK</b>	<b>DKK</b>
Depreciation of property, plant and equipment	202,384	336,353
	<b>202,384</b>	<b>336,353</b>

#### 5 Other financial expenses

	<b>2024</b>	<b>2023</b>
	<b>DKK</b>	<b>DKK</b>
Other interest expenses	0	4,649
	<b>0</b>	<b>4,649</b>

#### 6 Property, plant and equipment

	<b>Land and buildings</b>	<b>Other fixtures and fittings, tools and equipment</b>
	<b>DKK</b>	<b>DKK</b>
Cost beginning of year	4,355,602	2,432,234
<b>Cost end of year</b>	<b>4,355,602</b>	<b>2,432,234</b>
Depreciation and impairment losses beginning of year	(2,195,417)	(1,897,625)
Depreciation for the year	(105,535)	(96,849)
<b>Depreciation and impairment losses end of year</b>	<b>(2,300,952)</b>	<b>(1,994,474)</b>
<b>Carrying amount end of year</b>	<b>2,054,650</b>	<b>437,760</b>
Recognised assets not owned by entity	0	186,742

#### 7 Non-current liabilities other than provisions

	<b>Due after more than 12 months</b>
	<b>2024</b>
	<b>DKK</b>
Payables to group enterprises	403,332,221
	<b>403,332,221</b>

No installment profile has been agreed, however the parent company confirms that existing as well as additional loans and credits will not be called unless the cash position of Greenland Minerals A/S is adequate to make such repayment financially sound, which is not expected to be the cases, until Greenland Minerals A/S has been granted an exploitation licence and has commenced commercial mining operations on the Kvanefjeld Project.

#### 8 Contingent liabilities

The Company has taken on a royalty obligation that will become effective when the mining begins.

#### 9 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Energy Transition Minerals Ltd, Perth Australia, ABN 85 118 463 004

Copies of the consolidated financial statements of Greenland Minerals Ltd may be accessed from the parent company website:<https://investorhub.etransmin.com/announcements#annual-reports>

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Greenlandic Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Other external expenses

Other external expenses comprise expenses for dis-tribution, sale, marketing, administration, premises, bad debts, etc.

### Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

### Staff costs

Staff costs comprise alaries and wages, and social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Other operating expenses**

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

**Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities.

**Balance sheet****Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Buildings	20 years
Other fixtures and fittings, tools and equipment	4-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises cash in hand and bank deposits.

**Lease liabilities**

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other

than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.